

PRELIMINARY REPORT
EVALUATION OF REUSE AND DISPOSAL OPTIONS FOR
PMA NO. 536
October 20 2009

Resolution 29799 directs the Executive is to make its recommendations on the reuse or disposal of excess property on a case by case basis, using *the Procedures for Evaluation of the Reuse and Disposal of the City's Real Property* adopted by that resolution. Additionally, the Resolution identifies guidelines that are to be considered in making a recommendation. This report addresses each of the guidelines outlined in Resolution 29799 in support of the recommendation. This report also follows those provisions of Resolution 30862, adopted May 1, 2006, that amended Resolution 29799.

Property Management Area: **PMA No. 536 – Beverly Substation**
10776 Myers Way S.
Unincorporated King County

BACKGROUND INFORMATION

Legal Description: Lot 16, Block 8, Beverly Park Division No. 1, according to the plat recorded in Volume 32 of Plats, page 1, records of King County, Washington.

Physical Description and Related Factors:

PMA No. 536 is identified by the King County Assessor as Property Tax I.D. No. 079500-1575. This property is rectangular in shape with dimensions of 50 feet by 125 feet, for a total area of approximately 6,250 square feet, and is accessed by a 12-foot driveway leading off Myers Way S. The level lot is surrounded by a seven-foot high chain link fence with interwoven wooden slats and topped by several strands of barbed wire. Landscaping consists of eight to ten 40' tall fir and cedar trees spaced around the fence perimeter. A concrete pad, approximately 15 feet by 30 feet, dominates the western side of the area. The remaining lot surface is comprised of gravel and dirt. A number of personal property items, e.g., a boat trailer, tires, storage barrels and metal debris are found both inside and outside the fenced area.

Adjoining uses include a mix of light industrial and warehouse and storage buildings in a small business and commercial strip along Myers Way. Behind this strip are single family homes built primarily in the late 1940's and mid 1950's.

GUIDELINE A: CONSISTENCY

The analysis should consider the purpose for which the property was originally acquired, funding sources used to acquire the property, terms and conditions of original acquisition, the title or deed conveying the property, or any other contract or instrument by which the City is bound or to which the property is subject, and City, state or federal ordinances, statues and regulations

The City of Seattle, Department of Lighting originally acquired this property from King Runnels and Verna M Runnels in 1954 for substation purposes. The Statutory Warranty Deed, under King County Recording Number 4511984, recites “ten dollars and other good and valuable consideration.” The funds for this purchase came from the Light Fund. The property is not bound by any other contracts or instruments. Sale or disposition of this property originally acquired for public utility purposes is subject to the provisions of RCW 35.94.090 which requires a statement of fair market value or consideration to be paid and such other terms and conditions for such disposition as the legislative authority deems to be in the best public interest.

GUIDELINE B: COMPATIBILITY AND SUITABILITY

The recommendation should reflect an assessment of the potential for use of the property in support of adopted Neighborhood Plans, as or in support of low-income housing, in support of economic development, in support of affordable housing, for park or open space; in support of Sound Transit Link Light Rail station area development; as or in support of child care facilities, and in support of other priorities reflected in adopted City policies.

Context.

This property is located outside the Seattle City limits. The site has not been used and has been de-energized for a number of years. With a King County zoning designation of CBSO, it lies in an area which is classified as a Community Business Zone Special District Overlay. These zones are created to provide convenience and comparison retail and personal services in areas where they would not usually be allowed. Small scale offices and retail are permitted and mixed use developments are likewise permitted. Since it is located outside the city limits, the property was not considered as part of the Neighborhood Planning Process. However the parcel was twice circulated to King County, Metro Services Division, Sound Transit, and all Seattle City departments. None expressed interest or put forth any proposed public use for the land. There are no other known city policies or priorities that could be served by continued city-ownership or use of this property. It is not located within a Sound Transit corridor and is thus not needed in support of Light Rail station area development.

There are several city-owned properties in the general area.

Location	Approximate Size	PMA	Description	Location relative to PMA 768
11044 4 th Avenue SW	102,600 sf	729	Seattle Public Utilities Beverly Park Tank	.40 miles SW
9400 Myers Way S	2,200,000 sf	4326	Joint Training Facility	.60 miles NW

Range of Options.

The options for disposition of this property include sale by public bid, negotiated sale, long-term ground lease, or retention by the city. The excess property was circulated in January, 2002 and again in November, 2008. No city departments or public agencies identified a potential current or future use of the property, thus neither a long-term lease nor retention of the property is in the City's best interests. Sale by public bid is the most reasonable, fair and productive method for selling this property. All interested private purchasers would be given an opportunity to submit a bid for purchase of PMA 536. City Light is not requesting or proposing any particular use for the property once it is sold to the highest bidder.

GUIDELINE C: OTHER FACTORS

The recommendation should consider the highest and best use of the property, compatibility of the proposed use with the physical characteristics of the property and with surrounding uses, timing and term of the proposed use, appropriateness of the consideration to be received, unique attributes that make the property hard to replace, potential for consolidation with adjacent public property to accomplish future goals and objectives, conditions in the real estate market, and known environmental factors that make affect the value of the property.

Highest and Best Use:

The parcel is zoned CBSO – Community Business Zone Special District Overlay – under the King County Land Use Zoning Code. The highest and best use of the site would be for small-scale office, retail, professional, governmental, and personal services businesses that serve the nearby residential neighborhoods.

Compatibility with the physical characteristics:

With level topography and access from Myers Avenue South, the site could be developed into a small office or workshop-centered business. The concrete pad would likely need to be removed unless such could be incorporated into the site and building design.

Compatibility with surrounding uses:

Sale on the open market would most likely result in use of the property for a small business that provides retail, office, services or light industrial use, as allowed by zoning.

Potential for consolidation with adjacent public property:

There are no public properties that lie adjacent to PMA No. 536. As noted above, two SPU facilities are located in the vicinity. SPU did not identify any need for PMA 536.

Timing and Term of Proposed Use:

The city of Seattle proposes no specific use for this property. If sold through a negotiated sale or a public bid process

Appropriateness of the consideration:

The property has a 2009 assessed value of \$37,500. It is proposed that the property be sold by public bid. As in past public bid sales, the City would set a minimum threshold for sale of the property.

Conditions in the real estate market:

Although the Seattle area real estate market has not been hit as hard as the national market, declines were seen in all ranges of the local market over the past year. Seattle home prices were down 15% for the year ending January 2009. Prices were down 19.7% from July 2007. There is some optimism in that the number of pending sales increased from 1,611 in February 2009 to 2,058 in March in King County, a 28% jump. This is significantly stronger than last year's jump – only 10% from February to March 2008. Statistics from the Northwest Multiple Listing Service for the period April 2008 – April 2009 indicate that sales of undeveloped land remain comparatively strong. For a pool of 69 closed transactions of raw land, 43.5% of those sales were on the market for 30 days, and another 23.2% less between 31-60 days. The average selling price for these listings was 90% of listing price. The remaining 33% of sales were on the market for 61-120 days, and the average selling price ranged from 81.6% to 90.9% of listing price. Thus, although the tight credit market has created uncertainties for developers, the scarcity of appropriately priced development lots and land is likely to keep property values on undeveloped land strong over the long run.

Known environmental factors:

An Environmental Consultant conducted an Environmental Site Assessment in early 2002. No chemicals of concern exceeding screening levels or cleanup criteria were found in soil and concrete samples collected from the site. There were PCBs in the south-central portion of the concrete pad. No PCBs were detected above practical quantitation are below both screening levels and were not detected. Heavy oil-range hydrocarbons, diesel oil and transformer oil were found at concentrations below MACTA screening or cleanup levels. Results indicated no chlorinated pesticides above practical quantitation limits or screening levels. No evidence of asbestos-containing materials were found on the site. City Light would deal with any contamination and cleanup issues through negotiation with the likely purchaser(s). All available information concerning environmental conditions would be disclosed to all potential buyers. The property would be sold on an AS-IS basis.

GUIDELINE D: SALE

The recommendation should evaluate the potential for selling the property to non-City public entities and to members of the general public.

Non-city public entities were originally notified about this excess property in January 2002. Recirculation was completed in November 2008. None expressed an interest in acquiring the property for its needs. An adjoining property owner has shown an interest in purchasing the property for several years. The property is likely to sell through a public bid process.

PUBLIC INVOLVEMENT

In November 2008 the first public circulation was mailed to 362 neighbors within a 1,000 foot radius of the subject properties. As of June 1, 2009, the only comments received was an expression of continued interest in acquisition from the adjoining business property owner and a general question about the timeline for disposition of the property.

RECOMMENDATION

The Fleets and Facilities Department recommends that PMA No. 536, the former Beverly Substation, be offered for sale by public bid in a manner to be determined by Seattle City Light, and as approved by the Seattle City Council.

THRESHOLD DETERMINATION

The Disposition Procedures provide that FFD assesses the complexity of the issues on each excess property following the initial round of public involvement. The purpose of this analysis is to structure the extent of additional public input that should be obtained prior to forwarding a recommendation to the City Council. The Property Threshold Determination Form prepared for PMA 536 is attached at the end of this report. The transaction is rated as "Simple", based upon the lack of interest in the property from public agencies and the limited public interest.

Next Steps

Following preparation of this Preliminary Report, Fleets and Facilities Department is required to provide a summary to the Real Estate Oversight Committee, to all City Departments and Public Agencies that expressed an interest in the Excess Property, and to members of the public who responded to the initial Public Notice. The Summary will advise how to obtain a full copy of the report, note that FFD and REOC will consider comments on the Preliminary Report for 30 days after mailing the summary of the Preliminary Report and advise the recipient where and to whom any comments should be addressed. FFD will also post one sign visible to the public at each street frontage abutting the Excess Property which will provide the same information.

After comments are received after the posting of the Preliminary Report, FFD then revises its recommendation as appropriate, and prepares a Summary Preliminary Report including a report on public involvement, community comments, and feedback. The Recommendation is then forwarded to the City Council with any legislation necessary to implement the recommendation for the excess property. All comment-makers and other interested parties are provided with at least two-week notice of the hearing at which the City Council makes a decision concerning disposition of PMA No. 536.

PROPERTY REVIEW PROCESS DETERMINATION FORM			
Property Name:	Beverly Substation		
Address:	10776 Myers Way South (unincorporated King County)		
PMA ID:	536	Subject Parcel No:	4474
Dept./Dept ID:	Seattle City Light	Current Use:	Decommissioned substation Excess Property
Area (Sq. Ft.):	6,251	Zoning:	CBSO (King County)
Est. Value:		Assessed Value:	\$37,500.00 (per 2009 assessment)
PROPOSED USES AND RECOMMENDED USE			
Department/Governmental Agencies: None		Proposed Use: None	
Other Parties wishing to acquire: Adjoining business owner		Proposed Use: Expansion of business	
RES'S RECOMMENDATION: Sell by public bid process			
PROPERTY REVIEW PROCESS DETERMINATION (circle appropriate response)			
1.) Is more than one City dept/Public Agency wishing to acquire?	<input checked="" type="checkbox"/> No / Yes	15	
2.) Are there any pending community proposals for Reuse/ Disposal?	<input checked="" type="checkbox"/> No / Yes	10	
3.) Have citizens, community groups and/or other interested parties contacted the City regarding any of the proposed options?	<input checked="" type="checkbox"/> No / Yes	10	
4.) Will consideration be other than cash?	<input checked="" type="checkbox"/> No / Yes	10	
5.) Is Sale or Trade to a private party being recommended?	No/ <input checked="" type="checkbox"/> Yes	25	
6.) Will the proposed use require changes in zoning/other regulations?	<input checked="" type="checkbox"/> No / Yes	20	
7.) Is the estimated Fair Market Value between \$250,000-\$1,000,000?	<input checked="" type="checkbox"/> No / Yes	10	
8.) Is the estimated Fair Market Value over \$1,000,000?	<input checked="" type="checkbox"/> No / Yes	45	
Total Number of Points Awarded for "Yes" Responses:		25	
Property Classification for purposes of Disposal review: <input checked="" type="checkbox"/> Simple / Complex (circle one) (a score of 45+ points results in "Complex" classification)			
Signature: David Hemmelgarn		Department: RES/FFD	Date: 8/20/09

